

Message Text

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61
ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 NEA-10 IO-14 ISO-00

AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 FRB-02 H-03

INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-04 RSC-01

AID-20 CIEP-02 SS-20 STR-08 TAR-02 TRSE-00 USIA-15

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FM USMISSION GENEVA

TO SECSTATE WASHDC 2267

INFO AMEMBASSY BELGRADE

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRASILIA

USMISSION EC BRUSSELS UNN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LAGOS

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY BADRID

AMEMBASSY MEXICO CITY

AMEMBASSY NEW DELHI

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

USMISSION OECD PARIS UNN

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

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E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: MULTILATERAL TRADE NEGOTIATIONS: TNC MEETING
OCTOBER 24-26.

SUMMARY: TNC UNABLE REACH AGREEMENT TO BEGIN PREPARATORY WORK FOR MTN Owing TO EC INSISTENCE THAT RIGID, PERMANENT SEPARATION OF INDUSTRIAL AND AGRICULTURAL ISSUES BE MADE NOW AND FOR ALL TIME. MEETING ADJOURNED WITH EC ISOLATED ON THIS ISSUE WITH ALL OTHER DELS READY TO PROCEED, AND WITH AGREEMENT THAT TNC CHAIRMAN LONG WILL NOW BEGIN CONSULTATIONS WITH DELEGATIONS TO SEEK RESOLVE DEADLOCK. END SUMMARY.

1. FIRST MEETING OF TNC ADJOURNED OCT 26 WITH AGREEMENT ON DESIRABILITY WORK PROGRAM FOR COMING MONTHS ON TARIFFS, NTB, AGRICULTURE, AND TROPICAL PRODUCTS BASED UPON WORDING OF TOKYO DECLARATION AS TERMS OF REFERENCE, BUT WITH NO RPT NO AGREEMENT ON STRUCTURE OF SUBSIDIARY GROUPS TO IMPLEMENT WORK PROGRAM.

GATT SEC GEN LONG ELECTED CHAIRMAN OF TNC IN FIRST SESSION UPON HIS NOMINATION BY EC WITH SUPPORT OF JAPAN.

2. GENERAL CONSENSUS DEVELOPED IN COURSE OF MEETING AROUND US PROPOSAL TO STRUCTURE WORKING GROUPS ALONG LINES OF NEGOTIATION AIMS OUTLINED IN PARAGRAPH THREE OF TOKYO DECLARATION. USDEL PROPOSED WORKING GROUPS ON TARIFFS, NTB'S, SECTORS, SAFEGUARDS, AGRICULTURE, AND TROPICAL PRODUCTS. HE FURTHER SUGGESTED POSSIBLE ALTERNATIVE OF (A) AN ADDITIONAL GROUP IN WHICH OTHER ISSUES NOT SPECIFICALLY COVERED IN PARAGRAPH THREE OF DECLARATION COULD BE TAKEN UP OR (B) UNDERSTANDING THAT ADDITIONAL GROUP OR GROUPS WOULD BE SET UP BY TNC AS NEED AROSE. MOST DELEGATES FAVORED SECOND ALTERNATIVE. TO AVOID LENGTHY AND CONTENTIOUS DISCUSSION OVER SPECIFIC TERMS OF REFERENCE FOR WORKING GROUPS AND TO AVOID CONFRONTATION WITH EC AT THIS STAGE OVER ROLE OF AGRICULTURE IN NEGOTIATIONS, USDEL PROPOSED THAT WHOLE OF TOKYO DECLARATION SERVE AS TERMS OF REFERENCE FOR WORKING GROUPS.

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3. COMMENTS MOST DELEGATIONS REFLECTED GENERAL BELIEF THAT EMPHASIS IN INITIAL STAGE (I.E. REMAINDER THIS YEAR) SHOULD BE ON (A) UPDATING TARIFF BASE AND ANALYTICAL WORK ON TARIFF LEVELS, (B) BUILDING ON WORK DONE BY CTIP ON NTB'S, AND (C) AGRICULTURAL COMMODITIES WHERE PROBLEMS ALREADY WELL KNOWN AND WHERE THERE ALREADY SOME EXPERIENCE (E.G. CEREALS, MEAT, AND DAIRY). WORK ON SAFEGUARDS, SECTORAL APPROACH, AND SOME CONTENTIONS AGRICULTURAL ISSUES WOULD BEGIN CAUTIOUSLY WITH WORK PROBABLY NOT BEGINNING UNTIL NEXT YEAR. INITIAL WORK IN AGRICULTURE WOULD BE UNDERTAKEN IN MANNER WHICH DID NOT PREJUDICE POSITION OF ANY COUNTRY PRIOR TO START OF ACTUAL BARGAINING. US DEL GAVE ASSURANCES THIS EFFECT TO EC AND OTHER KEY DELEGATES.

4. EARLY IN SESSION LDC'S MADE CLEAR THEY OPPOSED ESTABLISHMENT
OF SPECIAL GROUP TO DISCUSS THEIR NEEDS IN ISOLATION FROM NEGOTIATIONS

AMONG DEVELOPED COUNTRIES; RATHER THEY SHOULD BE FULLY INTEGRATED
INTO WORK OF ALL SUB-GROUPS AT ALL STAGES OF NEGOTIATIONS. BRAZIL
NOTED THAT ISSUE OF "SPECIAL PROCEDURES" FOR LDC'S TAKEN CARE
OF BY BASING WORK PROGRAM AND TNC STRUCTURE ON TOKYO
DECLARATION. THIS PERMITTED SPECIAL PROCEDURES TO BE DETERMINED
IN EACH WORKING GROUP AS ITS WORK PROGRESSED. NO DEVELOPED
COUNTRY OPPOSED THIS APPROACH.

5. MOVEMENT TOWARD CONSENSUS ON TNC STRUCTURE CAME TO HALT
WHEN EC (PHAN VAN PHI) STATED THAT EC'S ACCEPTANCE OF TNC
SUB-STRUCTURE BASED ON PARAGRAPH THREE OF DECLARATION WAS
CONDITIONED ON WRITTEN CLARIFICATION THAT (A) WORKING GROUPS ON
TARIFFS AND NTB'S WOULD ONLY DISCUSS INDUSTRIAL PRODUCTS AND
(B) WORKING GROUP ON AGRICULTURE WOULD BE EXCLUSIVE BODY FOR
DISCUSSING ALL AGRICULTURAL ISSUES. (EC HAD EARLIER SUGGESTED
CONTINUATION OF EXISTING COMMITTEE STRUCTURE, BUT THIS WAS NOT
SUPPORTED BY ANY OTHER DELEGATION.)

6. USDEL REPLIED THAT CONSENSUS OF MEETING HAD CLEARLY BEEN
TO START PREPARATORY WORK IMMEDIATELY AND LEAVE ACTUAL
BARGAINING UNTIL LATER. EC POSITION WAS ATTEMPT AT THIS STAGE
TO BARGAIN AWAY POSITION OF SOME OTHER DELEGATIONS WHICH US
NOT PREPARED TO DO. ATTEMPT TO DEFINE AND LIMIT TERMS OF
REFERENCE BEYOND CONTENTS OF TOKYO DECLARATION FOR SOME WORKING
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GROUPS OPENS ROAD FOR EFFORTS LIMITS WORK OF OTHERS IN WAY
WHICH WOULD PREJUDICE POSITIONS OF MANY DELEGATIONS. US HAD
BEEN FLEXIBLE AND PRAGMATIC IN ITS APPROACH AND ASSURANCES IT
WOULD NOT SEEK CONFRONTATION ON AGRICULTURAL ISSUES IN WORK OF
NEXT FEW MONTHS. THESE ASSURANCES WERE BEING REJECTED BY
EC. US WILLING ACCEPT LANGUAGE IN PARAGRAPH THREE OF
DECLARATION AS POINT OF DEPARTURE BUT IT NOT WILLING ACCEPT CHANGES
IN THAT LANGUAGE WHICH HAD BEEN CAREFULLY DRAFTED AND APPROVED
BY MINISTERS SO AS NOT TO RULE OUT MORE THAN ONE APPROACH TO
AGRICULTURE IN NEGOTIATIONS. EC POSITION ALSO OPPOSED BY
NEW ZEALAND, AUSTRALIA, CANADA, HUNGARY, ARGENTINA, PERU,
AND MEXICO.

7. JAPANESE DEL (MIYAZAKI), WHOSE INSTRUCTIONS WERE TO SUPPORT
EC POSITION ON ISOLATION OF MTN WORK ON AGRICULTURE, NEVERTHE-
LESS HELPFULLY THEN PROPOSED A COMPROMISE WHICH WOULD SET
ASIDE QUESTION OF TERMS OF REFERENCE. HE PROPOSED THAT
LONG IN CONSULTATION WITH DELEGATIONS CONVENE GROUPS OF EXPERTS TO
CONDUCT PREPARATORY WORK, LEAVING AREAS OF CONTROVERSY ASIDE.
MEANWHILE AN ACCEPTABLE SOLUTION TO STRUCTURE ISSUE WOULD
BE WORKED OUT. JAPANESE PROPOSAL GAINED SUPPORT OF MANY
DELEGATIONS INCLUDING EFTA COUNTRIES, NIGERIA, AND BRAZIL.

US SAID IT WILLING GO ALONG SINCE COMPROMISE AT LEAST PERMITTED WORK GET UNDERWAY. FOLLOWING LENGTHY CAUCUS OF EC MEMBER STATES (AND REPEATED PHONE CALLS TO PARIS), HOWEVER, EC DEL ANNOUNCED EC NOT INPOSITION TAKE STAND ON JAPANESE PROPOSAL.

8. LONG THEN MADE ATTEMPT AT ANOTHER COMPROMISE WHICH WOULD HAVE HAD TNC MEET AS TECHNICAL COMMITTEE TAKING UP (IN THAT ORDER) TROPICAL PRODUCTS, AGRICULTURE (ALONG LINE 3E), NTB'S TARIFFS. THIS PROPOSAL ALSO GAINED SUPPORT OF MOST DELEGATIONS INCLUDING JAPAN, NORDICS, AND SWITZERLAND. THERE EXPRESSION OF VIEW LED BY CANADA AND JOINED BY US THAT LONG IN ANY CASE HAD RIGHT AS CHAIRMAN CONVENE MEETINGS WHENEVER HE WISHED. EC, HOWEVER, AGAIN SAID IT COULD NOT TAKE STAND AT THIS TIME AND ASKED LONG TO PRESENT HIS PROPOSAL IN WRITING. LONG AGREED DO SO AND ADJOURNED MEETING, SAYING HE WOULD HOLD CONSULTATIONS WITH DELEGATIONS ON WHEN WORK CAN BEGIN DURING INTERVENING PERIOD.

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9. BY END OF MEETING EC TOTALLY ISOLATED EVEN FROM THOSE SYMPATHETIC TO ITS POSITION. EC'S INABILITY BE FLEXIBLE WITHOUT RECOURSE TO CAPITALS CLEARLY EVIDENT TO ALL. COLMANT AND COLLIN OF FRANCE CALLED OR WERE CALLED BY PARIS REPEATEDLY. APPARENTLY ALL PARIS INSTRUCTIONS WERE RIGID AND NEGATIVE. GIVEN DESIRE ON PART ALL MEMBERS OF TNC GO ON WITH THE WORK WE EXPECT LONG WILL BEGIN IMMEDIATELY TO CONSULT WITH DELEGATIONS OVER MEANS RESOLVE DEADLOCK. IF EC ACCEPTS JAPANESE OR LONG COMPROMISE PROPOSALS, WORK COULD BEGIN ON THAT BASIS. OTHERWISE, ANOTHER TNC MEETING (PROBABLY IN NOVEMBER) WILL BE NEEDED TO THRASH OUT ISSUE. SOLUTION CAN ONLY BE FOUND IF AND WHEN EC PREPARED MOVE AWAY FROM ITS EXTREME POSITION. . NEXT MEETING OF TNC LEFT OPEN.

10. AFTER CLOSE OF MEETING FRIDAY NIGHT, US REP (AMB. MALMGREN) GAVE PRESS CONFERENCE AT WHICH HE GAVE GENERAL DESCRIPTION COURSE OF MEETING AND EXPRESSED DISAPPOINTMENT, DISCOURAGEMENT, AND PUZZLEMENT AT FAILURE TO REACH AGREEMENT ON SUB-GROUPS AND CALENDAR OF MEETINGS BECAUSE OF EC RIGIDITY. IN RESPONSE TO QUERY, HOWEVER, SAID HE WOULD NOT CHARACTERIZE MEETING AS QUOTE FAILURE UNQUOTE BECAUSE IT HAD REVEALED UNANIMOUS DESIRE START WORK ON WIDE RANGE OF TOPICS AND SINCE ALL TNC MEMBERS EXCEPT EC HAD AGREED ON SUB-STRUCTURE NEEDED. CONCERNING EC'S NEGATIVE POSITION, NOTED (BUT COULD NOT EXPLAIN REASONS THEREFORE) THAT THIS PART OF RECENT PATTERN UNHELPFUL EC ACTIONS SUCH AS FAILURE PROGRESS ON 24.6, REFUSAL AGREE TO CONSULT UNDER GATT ARTICLE XXII ON MINIMUM IMPORT PRICES, AND FAILURE TO CREATE GATT WORKING PARTY ON ORIGIN RULES UNDER EC/EFTA AGREEMENT.

11. AT CASEY-SOAMES CONSULTATIONS NEXT WEEK WE RECOMMEND US EXPRESS ITS REGRET OVER FAILURE GET TNC WORK PROGRAM UNDERWAY AND PRESS EC FOR EARLY RESOLUTION. SUGGEST WE NOTE THAT SOME MAY INTERPRET EC INFLEXIBILITY AT MEETING AS LACK OF POLITICAL WILL ON THEIR PART MOVE AHEAD ON MTN.

12. NEWS OF DEALY IN CONGRESSIONAL ACTION ON TRADE BILL DID NOT REACH OTHER DELEGATIONS HERE DURING COURSE OF TNC MEETING. EXCEPT FOR INQUIRIES IN CORRIDORS QUESTION OF US MANDATE WAS NOT RPT NOT AN ISSUE AT MEETING. BASSIN

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BERN
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EC BRUSSELS UNN
BRUSSELS

COPENHAGEN

DUBLIN

THE HAGUE

HELSINKI

LAGOS

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